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'Sustainability' runs on ethics

By Thomas Olson

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The concept of "sustainability" seems to be — as the word itself implies — here to stay.

It's increasingly embedded in business, government and elsewhere. In less than two weeks, for example, Pittsburgh will host two conferences around sustainability themes: a "green building" conference Downtown and a business ethics conference in Oakland.

But just what is "sustainability?"

"At Heinz, sustainability means our company is dedicated to protecting people and the planet, and driving sustainable growth that enhances shareholder value," said H.J. Heinz Co. spokeswoman Erin Caffrey.

Heinz CEO William Johnson set a goal two years ago for the company to reduce its greenhouse gas emissions, water and energy consumption by 20 percent by 2015.

For instance, the food processor converted equipment at a plant in Australia to dispense water in a high-pressure spray, rather than an unrestricted flow. The change saves about 10 million gallons of water a year.

"We have a global tracking system with monthly reports that come in from each of our business units," Caffrey said.

Sustainability is not just about protecting the climate, conserving natural resources and improving the human condition, say experts. The concept extends to the realm of business ethics and corporate governance.

"Sustainability is what's essential to the future of a business," said Dr. Urmi Ashar, the local chapter president of the National

Association of Corporate Directors.

"We define doing good and doing well as completely compatible. The philosophy needs to come from the board, and the strategy needs to come from management," said Ashar, who next spring will teach a corporate governance class at Carnegie Mellon University.

Duquesne University even confers a business degree called "MBA Sustainability." The 12-month degree program, introduced in 2007, examines the social, economic, environmental and ethical dimensions of conducting business.

"Financial success relates to the ethical conduct of a company, its environmental impact and connections to the communities it operates in," said Al Miciak, dean of Duquesne's Palumbo Donahue School of Business.

For instance, the lack of ethics at Enron Corp. led the energy company to spiral out of control and declare bankruptcy in late 2001. Ethical lapses a few years later took down Lehman Brothers and others, said Miciak. In other words, companies bereft of ethics usually can not sustain themselves.

"Ethics is the key issue when you look at the (2008) global financial crisis," he said. "Where were the boards of directors at Lehman, and Washington Mutual and Bear Stearns?"

Tenants of sustainability are most visible at global manufacturing corporations. They use and manage natural resources and operate in diverse and far-flung communities. Alcoa Inc., which operates in 31 countries, is a good example.

"We like to say that sustainability is part of our DNA," said Alcoa spokesman Kevin Lowery.

He means that literally. About 73 percent of the aluminum *ever* produced in the world since 1888 -- or some 516 million metric tons -- is still in use in containers, buildings and elsewhere, estimates the International Aluminium Institute, London.

"We have a stated goal of moving the recycling rate for cans from the current 57 percent in the U.S. today to 75 percent by year 2015," Lowery said.

Alcoa, in fact, is set to announce next week a new innovation driven by a quest for sustainability. It's an electronic tool for recycling aluminum that the company will distribute worldwide, Lowery said.

Schooled investors know Alcoa is among the 30 companies in the Dow Jones industrial average. But few might know Alcoa has been a member company in the Dow Jones Sustainability World Index since 2001. First produced in 1999, the index tracks the financial performance of 80 global companies selected with social and environmental criteria.

Alcoa, for instance, made available some 100,000 aluminum recycling bins last year. The company sponsors the recycling program throughout the recently opened Consol Energy Center, Downtown.

Nearby, on The Bluff, rests an even more dramatic example of sustainability: The Duquesne University Energy Center.

The cogeneration plant, which went on-line in 1997, uses cleaner-burning natural gas to provide about 85 percent of the university's electricity, as well as its heating and cooling. Compared with conventional plants, its operation cuts carbon dioxide emissions equivalent to that generated by 1,096 cars each year, the university says.

Many other green buildings" abound in Pittsburgh. Examples include:

- PNC Firstside Center, the bank's operations complex Downtown, is designed with maximum natural lighting, advanced heating /cooling systems and waste recycling that reduce building operating costs by about 35 percent.
- The David L. Lawrence Convention Center, the world's largest green-certified convention center, is equipped with its own water reclamation plant.
- The Pittsburgh Opera's headquarters/rehearsal space in the Strip District incorporates high-efficiency features from low-flow faucets to "smart" lighting systems.
- The Allegheny County Office Building installed a "green" roof in July that absorbs rainwater and reduces runoff, plus cuts heating

and cooling costs.

"When you reduce the amount of rainwater runoff, you reduce the amount of sewage that gets released through combined sewage overflow into the region's waterways," said Jeaneen Zappa, Allegheny County Sustainability Manager, a position created in June 2009 to "reduce government's ecological footprint."

"The fundamental principle of sustainability," said Zappa, "is as a frame of reference for a triple bottom line: Profit, people and impact on the planet."

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